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Economic development in Africa

Economic development in Africa: Migration and structural transformation

Overview

Executive summary

Africa is projected to have the largest population growth of any geographical regional globally by 2050, which will have important consequences for international migration and major implications for the continent's economic development. People will move, as they always have. The question therefore is not whether people will move, but where they will move to and under what circumstances and conditions so that any move unleashes
their economic potential. To tap this potential fully will require stronger efforts towards establishing a vision for migration management that best contributes to the continent's structural transformation.

The *Economic Development in Africa Report 2018: Migration and Structural Transformation* analyses the broad patterns of continental migration and the contributions of the diaspora to the structural transformation of origin countries. The report's findings offer new insights that enable UNCTAD to make policy recommendations for African Governments and migration stakeholders outside the continent. The report argues that African migration can play a key role in the structural transformation of the continent's economies. Well-managed migration also provides an important means for helping to achieve the Sustainable Development Goals, both in Africa and beyond. The report adopts an innovative, human-centred narrative that explores how migrants contribute to structural transformation and identifies opportunities for absorption of extra labour in different sectors across the continent.

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Introduction

1. Africa has the fastest rate of demographic growth in the world. The continent is now at a crossroads. The question is whether its growing working population will lead to a much hoped for demographic dividend. In recent years, images of African youth attempting to cross the Mediterranean Sea to reach Europe have dominated 24-hour news channels and contributed to increased attention to the international dimension of migration. The flow of migrants out of Africa to other regions, particularly to Europe, has dominated political debates. As boats have continued making their way through the Mediterranean Sea, African migration gradually became one of the top topics in international affairs. By contrast, there is an intra-African dimension, characterized by the flow of migrants in and out of countries or regions within the continent, that has received little attention in the migration and development discourse, despite its economic importance.

2. The *Economic Development in Africa Report 2018: Migration and Structural Transformation* attempts to put together key pieces of the puzzle of African migration and what migration means for the continent's structural transformation. The report draws on existing knowledge on the theoretical and empirical underpinnings that link migration and structural transformation. Compiling diverse sources of highly aggregated and microlevel household data, the report uses a range of analytical tools, both qualitative and quantitative, to provide an account of how intra-African migration can contribute to socioeconomic development in origin and destination countries. It also discusses what Africans have gained from migration to the North as well as to other parts of the world.

3. Putting an African lens to the migration narrative, the report investigates how African countries could capitalize on the economic potential of the continent's domestic and foreign human resources both at home and abroad to drive structural transformation.

4. The report also seeks to provide a better understanding of the multiple dimensions of migration in Africa and how they are interwoven with economic and trade factors at the household, regional and continental levels. Though intra-African migration is relevant to regional and continental integration, knowledge gaps persist on its socioeconomic and trade impact.

I. Main findings

A. Migration in Africa is primarily intracontinental

5. More than half (53 per cent) of Africa's international migrants in 2017 remained on the continent. With the exception of Northern Africa, the share of intra-African migration was much higher, as more than 80 per cent of international migrants from the continent resided in each of the following regions: Eastern, Middle and Western Africa.

B. Intra-African migration is a catalyst for economic growth

6. The report findings show that intra-African migration can positively impact structural transformation in destination countries. UNCTAD forecasts based on existing migration scenarios indicate that immigration flows could lead to a substantial increase in gross domestic product (GDP) per capita for Africa by 2030. In economic terms, this implies reaching a GDP per capita of $3,249 in 2030, growing at a compound annual growth rate of 3.5 per cent from 2016. The average value of GDP per capita in Africa was $2,008 in 2016.

7. Remittance inflows to Africa account for half of all private capital flows into the continent and have risen from $38.4 billion on average in 2005–2007, to $64.9 billion in 2014–2016. However, empirical analysis finds that, despite being recipients of relatively large amounts of remittances, sending countries experienced a weaker (indefinite) effect of

migration on structural transformation. Reasons for the relatively low impact included the impact of a loss of skilled labour and lower tax revenues, structural constraints to economic development as well as regulatory hurdles such as the high costs of remittances and of recruitment services. Removing these barriers and improving policy and regulatory conditions are necessary requirements for maximizing the benefits of migration on sustainable structural transformation in these countries.

8. The report finds that migration can contribute to improved labour productivity in destination countries. An increase in the stock of immigration leads to a higher within-sector productivity growth rate. This effect increases in magnitude for sectors that experienced relatively high migration in the past (agriculture, manufacturing, mining, construction and services). The report finds that an increase in immigration is associated with a rise in manufacturing value added, but notes the limited impact of productivity enhancements on job creation. This could be related to the relative scarcity of good quality, skilled manufacturing jobs in most African countries.

C. Migration generates durable growth and development benefits

9. The report's findings on the positive impact of migration to growth and socioeconomic development in both destination and origin countries are in line with other studies that show that the estimated contribution of immigrants to GDP ranges from about 1 per cent in Ghana, to 19 per cent in Côte d'Ivoire. Migration also contributes to destination countries' development through taxes and consumption, with migrants spending approximately 85 per cent of their incomes in their destination country. Thus, besides contributing to current output, immigrants provide a demographic boost to the existing and future labour force in destination countries. UNCTAD research into economic transmission channels of migration indicates that there is an additional positive effect of educated immigration (with higher education mostly in origin countries rather than destination countries) on structural transformation. There is also some evidence that return migration to origin countries brings knowledge and skills that can spur productivity.

D. Migration boosts trade

10. The report's examination of food trade patterns within the continent highlights the pro-trade effect of migration. Assuming emigrants have a higher income in their new home countries, the amount of exports will increase and with that, financial inflows to the origin country. Similarly, it appears that food imports from within the continent have increased for main receiving countries, often at much faster rates than the rate of immigration from other African countries.

E. Migration fosters inclusive growth and wider livelihood opportunities for women migrants

11. Migration by women is not only growing in importance in Africa, but women migrants are contributing to inclusive growth in both origin countries and destination countries. Women migrants contribute significant in-kind remittances to the economies of their households and communities. However, women migrants in Africa face significant challenges (care and family responsibilities and competitive disadvantages in labour markets) that not only impact their migration experiences, but also their attainment outcomes in labour markets in destination countries.

F. Both semi- and low-skilled immigrants contribute to growth in destination countries

12. Well-managed labour migration (i.e. among other measures, through flexible labour policies that target low- and semi-skilled migrants) can facilitate labour mobility while addressing gaps in regional labour markets with short supply. These workers fill labour

gaps which could in theory enable indigenous workers in destination countries to take on higher value work. The report finds evidence of some upskilling among low- and semi-skilled migrants, which can have a positive impact on productivity. However, low- and semi-skilled migrants are sometimes disadvantaged in regional labour markets. There is clearly a need to expedite implementation of the African passport to facilitate the mobility of Africans on the continent. Rwanda is a further example of good practice, as it has labour legislation provisions that allow citizens from East African Community partner States to work in the country, and for granting work permits to foreign workers, along with the establishment of a temporary resident permit for semi-skilled workers.

G. Migration is neither a burden nor a panacea for achieving the Sustainable Development Goals

13. As policy frameworks are not fully appropriate in catalysing the impact of migration on socioeconomic development, migration cannot be seen as a burden nor a panacea for achieving the Sustainable Development Goals. The report finds that migration plays a minor role in influencing the trends of social development-related indicators in both sending and receiving countries. Increased immigration does not appear to alter wage differentials or lead to increased public spending on health. However, in destination countries, immigration leads to both higher expenditures on education and better attainment outcomes. An examination of possible prospects of many countries in achieving the health- and education-related Sustainable Development Goals by 2030 and 2063 indicates relatively good scoring overall, though these prospects could be better. An increase in migration takes place in parallel with improvements in education and health, especially for women.

H. Align migration, trade and investment policies with long-term development objectives

14. Results of the analysis in this report also imply that, to avoid replicating some of the pitfalls associated with trade liberalization, the conditions for enabling dynamic changes in the temporal and spatial allocation of skilled and unskilled labour across countries should be satisfied. To this end, countries need to align migration, trade and investment policies with their long-term development objectives. In other words, Africa's migration policy and regulatory framework should enable a country with a large degree of emigration of unskilled labour in 2017 to aim towards becoming a destination country of skilled labour in the future. The report's analysis identified opportunities in agriculture, services and manufacturing across the continent's different regions. Coherent migration policies at the national, regional and continental levels will be key to reaping the benefits associated with the relevant different value chains.

II. Policy recommendations

A. Build coherence in migration, trade, investment and technology policies in creating the conditions for structural transformation

15. In most cases, people move in search of a better life. They move because they want to find decent employment. A fast-growing services sector is setting the course for an unconventional path to the continent's structural transformation. However, development of the labour-intensive agriculture and manufacturing sectors remains necessary. With the right infrastructure, an enabling policy and regulatory environment and a skilled workforce, Africa can become a world leader in a number of commodity-based industrial value chains. This report has identified countries and sectors with such potential. There should be collective efforts to gather public and private sector actors to conduct a skills-mapping exercise across these leading sectors. Such an assessment should then serve as the basis for planning human capital development, including in vocational training and in tertiary

education, and contribute to the design of regional and continental operational migration plans.

16. Lack of coherence across macroeconomic, trade, investment and technology policies feature prominently among the many reasons for the continent's limited progress on industrialization. Managed migration for structural transformation could be a unifying element and an impetus in efforts to achieve greater coherence across these fields. With this in mind, ongoing reforms of international investment agreements should be aligned with the priorities of Africa's industrialization and regional integration agendas.

17. African Governments should be mindful of maintaining policy and regulatory space to allow catering to the needs of their individual industrialization strategies. Such regulatory space could include the prioritization of pan-African labour mobility and the transfer of skills and technology. The exact design of priority lists and sector-specific policies is likely to differ across countries, but the common thread should be the development of a competitive and innovative African labour force.

B. Implement existing policy, legal and regulatory frameworks on the free movement of persons at the continental level

18. The free movement of persons and labour migration constitute central elements of the African Union's objective of a united and integrated Africa. In addition to migration policies and protocols, the Declaration and Plan of Action on Employment, Poverty Eradication and Inclusive Development (Ouagadougou+10) adopted by the African Union in 2015 situates labour migration as a key priority area. Similarly, the Strategic Plan 2014–2017 of the African Union Commission included the promotion of labour migration as a specific strategy. In addition, efforts to operationalize the 2006 African Union Migration Policy Framework for Africa and to strengthen the effective governance and regulation of labour migration and mobility in Africa, led to the adoption of the Labour Migration Governance for Development and Integration by the 24th Assembly of the African Union in January 2015 and, in 2017, of the African Union Revised Migration Policy Framework for Africa and Plan of Action (2018–2027). The African Union has also established institutions specifically tasked with addressing diaspora and remittances matters. These include the African Union Commission's Centre for Citizens and Diaspora Directorate and African Institute of Remittances. Reasons for the slow pace in the effective implementation of existing frameworks include limited information on the distribution of gains and losses stemming from the liberalization of labour flows. The findings of the *Economic Development in Africa Report 2018* contribute to filling the information gap on thematic areas associated with regional integration processes.

19. The report's findings also indicate a need for thematic action plans at the continental level. With regard to labour mobility, for instance, the implementation of continental-level migration frameworks should be accompanied by the design of mechanisms for optimal adjustment to skills shortages between the continent's various subregions. On this point, specific measures include the harmonization of qualifications at the continental level. Additional measures should be established to enable private investors to circumvent variations in labour mobility protocols across African regional economic communities due to different dynamics that reflect the diverse interests of its member countries.

C. Establish regional and continental mechanisms for harnessing the benefits of intra-African migration for structural transformation

To member States

20. Regional economic communities could integrate migration and the principle of co-development into their policy frameworks. The principle of co-development considers migrants central partners in development cooperation projects and programmes and, as a policy approach, seeks to maximize the benefits of migration for origin and destination country stakeholders. In this regard, national migration policies could be informed by this

report's findings on economic and trade implications of migration. These findings take into account a typology of countries based on their levels of immigration (high, medium and low) and how these relate to their varying stages of progress with regard to the Sustainable Development Goals and to Agenda 2063. Countries could also draw lessons from the integration of the principle of co-development in relation to origin, transit and destination countries in the migration strategy of Morocco. Co-development initiatives include capacity-building for migrant associations and incentives for skills transfers, investments in productive sectors in origin countries and facilitation of circular migration.

To regional integration organizations

21. The rise of mixed migration, a combination of regular and irregular migration, underscores the essential role that coordination at regional level could play in informing the decisions of national coordination committees. A managed migration policy also requires a good understanding of how irregular migration, human trafficking and smuggling negatively interfere with the optimization of the development impact of migration. To this end, in the Horn of Africa, for example, countries should align the design and the implementation of their national policies with existing regional initiatives, such as the 2006 Ouagadougou Action Plan to Combat Trafficking in Human Beings, Especially Women and Children, as well as the African Union Horn of Africa initiative on human trafficking and the smuggling of migrants. In addition, recommendations laid out in the 2014 Khartoum Declaration on human trafficking and smuggling, also associated with a rise in the number of refugees, should be implemented.

22. Drawing on support from a range of development partners, the Intergovernmental Authority on Development regional migration framework offers a number of good practices that could be replicated elsewhere. The regional migration framework is a non-binding reference document that strives to offer member States a coherent and common approach to migration management. It promotes the development potential of migration and offers guidelines and principles to assist Governments in the formulation and implementation of their own national migration policies in line with their own priorities and resources. Its ultimate objective is the protection of migrants in all Intergovernmental Authority on Development member States. The Intergovernmental Authority on Development also boasts a regional consultative process, a regional dialogue platform whose decisions are yet to be fully implemented. Its Regional Migration Coordination Committee is also a forum for exchange. However, the Migration Action Plan 2015–2020 developed subsequently has yet to translate into relevant national level results and timebound actions and measures. To that end, greater resources should be devoted to building the capacity of policymakers and migration-related institutions in member countries.

23. Regional economic communities and the African Union should join forces in promoting platforms for public–private sector dialogue and information sharing. At present, the imperfect flow of information leads to inefficiencies both in individual and policy-level decision-making processes. Many private sector platforms gather recruiters, employers and students and migrants from African countries such as Carrefour Africain. Such initiatives could for example be expanded to include other actors and be carried out at the regional and continental levels. Establishing links between private- and public-sector stakeholders in the migration industry is key to effective migration policies for the continent's structural transformation. Efforts should be based on effective collaboration between sending and receiving countries, continental-level organizations and business associations. These platforms should also integrate policymaking actors from receiving countries outside the continent to address contrasting views on migration. There is ample evidence showing that, at the global level, the private sector is aware of the commercial benefits to be derived from Africa's greater integration and migration flows. In contrast, the political rhetoric of destination countries in some developed countries is increasingly dominated by restrictive and negative measures against migration. Bringing the two sets of stakeholders together could benefit job creation schemes, while also contributing to changing negative perceptions of migration.

To destination countries

24. Regularization of working migrants should be made a priority. Existing examples of such initiatives show that, as a result, contributions to national economies of migrants are more fully acknowledged and incorporated into a country's GDP. They offer better protection to migrants, including through facilitation of payment of national insurance contributions and taxes. Regularization campaigns can highlight the extent of missed opportunities in contributions to the real economy. In Morocco, for instance, a second phase of regularization was conducted between December 2016 and the end of 2017. There were 26 860 requests filed in 70 provinces and districts across the country.

25. Managed migration policy frameworks in destination countries tend to focus on attracting highly skilled migrants. Though more needs to be done to acknowledge the role of lower-skilled labour in the strategy and subsequently in its development trajectory, the mix of measures that target both ends of the skills scale in the migration strategy of Morocco is an example of African good practice. Key non-discriminatory measures in favour of migrants in the migration strategy are as follows: removal of national preference in the private sector for migrants who benefitted from the exceptional regularization operations, reduction of the processing time for certificates of proofs of activity from 30 days to 48 hours for migrants with sought-after skills and of managerial level; establishment of an online platform to facilitate visa requests for Moroccan foreign workers, with a maximum processing time of 10 days; removal of preferences for Moroccan citizens in specific areas of activities, including nurses and midwives; and removal of restrictions on the creation of cooperatives by foreigners. However, harmonizing the labour code with the migration strategy is in progress. Morocco is now officially engaged in the fight against abusive labour conditions and the promotion of migrant workers' rights as ratified in 2016 in Convention No. 143 of the International Labour Organization. Similarly, equality of social security conditions compliant with the 1964 International Labour Organization Convention concerning Equality of Treatment of Nationals and Non-Nationals in Social Security (No. 118) is yet to be adopted. The 2017 monitoring report led to identification of areas for improvement. These recommendations constitute opportunities for learning lessons on the design and implementation of other countries' migration policies.

26. This report agrees that there is a need to promote greater engagement of diaspora on development of their origin countries. The potential of contributions of the African diaspora in this area is now widely acknowledged. It has led to the popularity of diaspora policies at the national, regional and continental levels. Since the inaugural Global African Diaspora Summit took place in South Africa in 2012, the diaspora is recognized as a sixth region of Africa, which has led to the creation of specific diaspora directorates at the country and continental levels. The case of Ethiopia stands out among countries where such institutional frameworks have emerged in recent years. Other countries at a similar level of institutional capacity development could derive insights from the country's experience. More efforts are needed on moving towards one-stop facilities, such as in Mauritius, and on establishing stronger coordination mechanisms. Moreover, many donors are supporting diaspora-related initiatives and investment funds. In all these initiatives, adapting engagement of the diaspora to the specific needs of origin countries for structural transformation should be given priority.

D. Adopt gendered perspectives in migration policy and regulatory frameworks

To all parties

27. In designing gender-sensitive migration policy measures, attention should be given to anchoring the specifics of the approach in a rights-based framework, as outlined by the Beijing Platform for Action of the 1995 Fourth World Conference on Women. This implies considering three rights dimensions. First, women's rights to legal migration opportunities should be guaranteed. Women should have access to and participate in safe and legal employment opportunities. Second, women's rights should be guaranteed during the

migration process, by striving for the provision of safe and secure recruitment, equal pay, decent working conditions, access to legal services and a right to family life. And third, migration in itself should lead to the realization of women's rights, encompassing increased autonomy and power to negotiate the terms of work in the destination country so that migration works for women and their families.

To regional integration organizations

28. Incorporating a gender perspective into migration frameworks can help to address the unique challenges that women migrants face. Given the growing importance of women's economic migration in Africa, regional economic communities can play a role in optimizing outcomes for women migrants by developing policy frameworks on labour migration that integrate gender-specific elements and address the underlying challenges that women migrants face in respective regional labour markets.

To origin countries

29. Today, women migrants contribute to the future of tomorrow's citizens. Their migration experiences and the remittances they send to their origin countries play a role in shaping the conditions of the continent's structural transformation. While many women are aware of the working conditions they will encounter in the destination country, occasionally the risks are beyond expectations. Nonetheless, hearing their voices implies moving from moral judgments, especially in cases of existing bilateral agreements, to the design of policies and measures that would optimize their contributions to the socioeconomic development path of their origin countries.

30. Engendering migration policies should include recognition of the value of women migrants' experience. This could be done, for example, through certification schemes for former domestic workers in order to support their integration into higher levels of the care economy value chain. At a more general level, national policies tend to discriminate against women migrants through generalized conceptions of the migrant as a male, full-time worker and in some countries, more explicitly through outright bans on women's migration. In addition, the work that women migrants do can be disregarded as "not real work" and thus excluded from policy attention. The report's findings underline the need to reverse the trend in gender-blind migration policy and regulatory frameworks.

To destination countries

31. Normative references to workers as male can restrict the rights of women migrants. The historical legacy in many States of men's migration unaccompanied by family members, for example, fails to consider new trends in women's migration. More often than not, legislation does not make provisions on the status of family members. National laws should be adjusted and account for the diversity in migrants' gendered experiences. Legal and regulatory frameworks should also be able to cater to the complex realities of the multiple activities of women migrants at the lower end of the informal economy.

32. Furthermore, amnesty or regularization should be gender sensitive in design and application. Employers of domestic workers may be reluctant to provide sworn affidavits regarding employment, especially if they are non-compliant with the law in terms of minimum wages and are seeking to benefit from employing unauthorized workers. Support from civil society groups acting as an intermediary in the regularization of female migrants has often proved effective.

33. An influx of migrants or refugees increases the vulnerability of host communities in transit and destination countries with lower development. Women often bear the largest burden of the impact of increased population in their communities. Thus, migration projects and programmes should also devote specific attention to supporting the livelihoods of women in host communities. For example, an agreement signed by Italy and the International Organization for Migration in July 2017 to foster economic opportunities for Eritrean women refugees and potential Ethiopian women migrants in host communities is a good practice.

To trade unions and employers' associations

34. Established norms and practices in trade unions can implicitly limit the participation of women. Trade unions may be more familiar with male-centred, full-time work. They may not have established experience in dealing with the type of work that women migrants typically perform in the informal sector. They may also display gender bias in their leadership which limits women's representation and ability to influence strategy and objectives. Similar issues apply to employers' associations. Considering the heavy presence of women migrants in subsectors of the care economy, employers' associations should assist their members in protecting the rights of domestic workers and other migrants in vulnerable subsectors of the services industry. Good practices in this area include issuance of a code of conduct as a first step towards greater monitoring of practices.

E. To the Global Compact on Migration: what the world must hear

Africa wants to take its own migration narrative to the global stage

35. In the lead up to the global compact for migration, the African Union designated King Mohamed VI to champion migration for the continent, in light of the best practices of Morocco in the design and implementation of a rights-based, progressive migration strategy. The global compact for migration provides an opportunity for a new impetus in Africa's resolve to impose its own narrative in the global migration agenda.

36. The migration narrative could also be better framed within the continent by devoting more resources to funding carefully designed communications campaign that highlights the economic and trade dimensions of migration.

37. Good practices include amplifying the voices of members of the diaspora who provide testimonials of their migration journeys. The International Organization for Migration community conversations initiative, which engages elders and younger members of a community in conversations on the reality of migration, has also proved useful. In such initiatives, adaptation to specific contextual circumstances should be mandatory, as in some communities young people migrate due to pressure from elders. And finally, framing a new migration narrative in a less bleak and more positive light could contribute to a new era of promoting multilateral development aid in support of stories of resilience.

Strengthen the commitment to safe, orderly and regular international migration

38. The global compact for migration is an opportunity to stress the need for stronger protection of migrant workers, including by promoting labour rights and safe and secure working conditions for international workers. Measures should include ensuring benefits, social security and insurance to foreign workers. Particular attention should be given to women migrants and those in precarious situations.

Invest in innovative data collection

39. This report underscores the centrality of reaching a better understanding of decision-making at the individual and household levels for optimal policy targeting. Such an understanding relies on the use of household and individual datasets. Better and more frequent data collection should lead to improved information on migration patterns and migrants. Unpacking these realities will help reduce the primacy of preconceived ideas, most notably in populist accounts of migration.

40. The increase in mixed migration should also stimulate addressing the need to capture different nuances in the definition of migrants. Similarly, global and regional datasets should include multiple dimensions of migration that allow for consideration of economic and trade variables. However, data collection is a resource-intensive endeavour. The shared need for insights on African migration from all parties in Africa and beyond should justify joining forces in financing data collection efforts. Such initiatives can be leveraged if they are seen as constituting a first step in long-lasting dialogue and collaboration in designing and implementing win-win, managed migration policies in Africa and in extra-continental destination countries.

III. Conclusions

41. In summary, African countries can yield further benefits from migration by:

(a) Aligning migration, trade and investment policies with development objectives

(b) Leveraging remittances and harness diaspora for productive investment in sending countries

(c) Adopting more flexible labour policies to ease migrants' mobility

(d) Integrating migrants in labour markets

(e) Allocating resources to address structural determinants of Africa's socioeconomic development.

42. Recognition of the benefits of managed migration for socioeconomic development led to the inclusion of migration in the 2030 Agenda for Sustainable Development. The report thus strived to unearth global, mesolevel and microlevel data and built on existing knowledge to gain new insights on the role of intra-African migration in Africa's development journey. Gender-based analysis led to findings that challenge some of the current understanding on migration trends and to probe established myths about migration's socioeconomic impact. The report makes a plea for applying development resources to addressing structural factors for a longer-term impact on the structural transformation of Africa.